

Message Text

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PAGE 01 GENEVA 04401 01 OF 03 221727Z
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E.O. 11652: N/A
TAGS: ICEM
SUBJECT: SPECIAL 1978 ICEM SESSIONS - DELEGATION REPORT

1. SUMMARY: FIFTY-THIRD SPECIAL SESSION OF ICEM EXECUTIVE COMMITTEE MET MARCH 20-21 AND THIRTY-EIGHTH SESSION OF SUB-COMMITTEE ON BUDGET AND FINANCE (SCBF) MET MARCH 16-17. MAIN PURPOSE OF BOTH MEETINGS WAS TO CONSIDER AND APPROVE REVISED 1978 BUDGET WHICH WAS ACCOMPLISHED AT CONSIDERABLE COST TO THE STABILITY OF THE ORGANIZATION. BRAZIL IN PARTICULAR AND LATIN AMERICAN MEMBERS IN GENERAL OPPOSED ANY FURTHER INCREASED ASSESSMENTS. BRIEF REVIEW OF 1979 FINANCIAL PROJECTIONS SHOWED FURTHER INCREASE OF OVER \$500,000 WOULD BE REQUIRED OF MEMBER GOVERNMENTS TO COVER ADMINISTRATIVE COSTS. PROPOSALS TO EMBARK ON NEW PROGRAM INVOLVING RETURN OF TALENT TO COUNTRIES OF ORIGIN RECEIVED LITTLE SUPPORT AND THE STATE OF NEGOTIATIONS WITH TURKEY ON MEMBERSHIP ARE IN APPARENT LIMBO. WHILE DISCUSSIONS IN THE SCBF WERE LIVELY AND COMPREHENSIVE, THERE WAS LITTLE INCLINATION IN THE EXECUTIVE COMMITTEE TO ENGAGE IN A SERIOUS DEBATE OF THE ISSUES NOW FACING ICEM. ALL DELEGATIONS SEEMED TO BELIEVE REAL CRUNCH WILL COME IN THE FALL. END SUMMARY.

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PAGE 02 GENEVA 04401 01 OF 03 221727Z

2. THE SCBF DEVOTED MOST OF ITS ATTENTION TO THE REVISED BUDGET FOR 1978 WHICH SHOWED A REQUIREMENT FOR AN ADDITIONAL \$500,000 FOR THE ADMINISTRATIVE BUDGET, BASED ON AN EXCHANGE RATE OF ONE DOLLAR EQUALS TWO SWISS FRANCS. THE OPERATIONAL BUDGET SHOWED A PROJECTED DEFICIT OF \$600,000, BUT THE ICEM DIRECTOR PERSUADED THE DELEGATIONS THAT THIS WOULD BE OVERCOME BY REVENUES FROM INCREASED

MOVEMENTS FROM PORTUGAL TO VENEZUELA. IN FACT, U.S. INDOCHINA MOVEMENTS WILL LIKELY SERVE TO MAKE UP MUCH OF THIS SHORTFALL.

3. TO SET THE FRAMEWORK FOR THIS DISCUSSION OF 1978, THE SCBF PRESSED HARD TO BE INFORMED ON THE FINAL FINANCIAL RESULTS FOR 1977 IN THE ABSENCE OF A COMPLETED REPORT FROM THE EXTERNAL AUDITORS. THE DIRECTOR INFORMED THE SCBF THAT THE 1977 BUDGET HAD BEEN BALANCED. THIS HAD REQUIRED DRAWING THE MAXIMUM OF THE AUTHORIZED \$150,000 FROM THE CASH RESERVE TO COVER THE ADMINISTRATIVE BUDGET TO BRING IT INTO BALANCE.

4. IN THE LAST TWO MONTHS OF 1977 CERTAIN MOVEMENTS TO LATIN AMERICA HAD NOT TAKEN PLACE, RESULTING IN A DEFICIT OF \$295,000 IN THE OPERATIONAL BUDGET. TO COVER THIS, ICEM DREW DOWN \$150,000 FROM ITS EQUITY IN THE REFUGEE LOAN FUND, AS AUTHORIZED BY THE COUNCIL LAST FALL. AN ADDITIONAL AMOUNT OF \$145,000 WAS WITHDRAWN FROM THE TERMINAL EMOLUMENTS RESERVE; THIS RESERVE COVERS SEPARATION PAY FOR THE STAFF. THE DIRECTOR WAS CRITICIZED FOR THIS BY THE SCBF AND ADVISED NOT TO CONTINUE THIS PRACTICE. THE RESERVE FUND IS NOW SHORT SOME \$630,000 AND FUNDED ONLY UP TO 87.5 PERCENT OF THE TOTAL OBLIGATIONS. THE U.S. REPRESENTATIVE IN HIS PREPARED STATEMENT AT THE EXECUTIVE COMMITTEE WAS ALSO CRITICAL OF THIS UNAUTHORIZED OFFICIAL USE

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PAGE 03 GENEVA 04401 01 OF 03 221727Z

RIZED USE OF THE RESERVE FUND.

5. THE MAIN FOCUS IN THE SCBF ON 1978 WAS ON THE NEED FOR AN ADDITIONAL AMOUNT OF \$500,000 FOR THE ADMINISTRATIVE BUDGET. IT WAS CONVINCED THAT THE REDUCED VALUE OF THE DOLLAR WAS THE PRINCIPAL CAUSE, BUT NOT ABSOLUTELY THE ONLY ONE. IT WAS CONCERNED THAT FURTHER CURRENCY FLUCTUATIONS WOULD INCREASE THE SHORTFALL AND THE DIRECTOR ACKNOWLEDGED THAT, IF THE EXCHANGE RATE LEVELED OFF BELOW TWO SWISS FRANCS PER DOLLAR, ADDITIONAL FUNDS WOULD BE NEEDED. THE SCBF WAS REASONABLY CONVINCED THAT THE DIRECTOR HAD CUT BACK ADMINISTRATIVE EXPENSES, BUT URGED HIM TO KEEP LOOKING FOR NEW AREAS FOR ECONOMY. THE DIRECTOR COMMITTED HIMSELF TO ABSORB ANY ADDITIONAL COSTS ABOVE THE REQUIRED \$500,000.

6. UNDER THESE CIRCUMSTANCES THE MAJORITY OF THE SCBF -- BELGIUM, THE FEDERAL REPUBLIC OF GERMANY, THE NETHERLANDS AND THE UNITED STATES -- RECOMMENDED TO THE EXECUTIVE COMMITTEE THAT THE 1978 REVISED BUDGET BE APPROVED. BRAZIL OBJECTED RATHER ENERGETICALLY. THE NEW BRAZILIAN REPRESENTATIVE, BORGES DA FONSECA, WHILE CLAIMING THAT THE

SIZE OF THE INCREASED ASSESSMENT DID NOT PARTICULARLY DISTURB HIM OR HIS GOVERNMENT, THE DIRECTION IN WHICH ICEM WAS GOING DID. IT WAS LARGELY A PHILOSOPHICAL MATTER, BUT UNDERLYING THE COMPLAINT WAS THE CONCERN OF LATIN AMERICAN GOVERNMENTS THAT ICEM WAS DEVOTING TOO MUCH OF ITS ATTENTION AND RESOURCES TO REFUGEES AND SPECIAL PROGRAMS AT THE EXPENSE OF SELECTED MIGRATION TO LATIN AMERICA. THE STRONG EFFORTS OF THE U.S., FRG AND NETHERLANDS DELEGATIONS TO CHANGE THIS POINT OF VIEW AND TO AVOID A SPLIT IN THE SCBF DID NOT SUCCEED. BRAZIL CONTINUED TO MAKE IT CLEAR THAT IT WAS UNHAPPY WITH THE DIRECTION IN WHICH ICEM APPEARED TO BE GOING.

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PAGE 01 GENEVA 04401 02 OF 03 221736Z
ACTION IO-14

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LIMITED OFFICIAL USE SECTION 02 OF 03 GENEVA 04401

7. LACKING A REVISED BUDGET FOR 1979, THE SCBF WAS ABLE TO REVIEW NEXT YEAR'S PROJECTIONS ONLY IN GENERAL TERMS. IN SUMMARY, THERE WILL BE A FURTHER INCREASE OF \$550,000 REQUIRED FOR THE ADMINISTRATIVE BUDGET AND A PROJECTED DEFICIT OF \$600,000 FOR OPERATIONS. OF THE \$500,000, \$250,000 WOULD REPRESENT NORMAL INFLATION FOR INCREASED STAFF COSTS AND THE BALANCE REFLECTS THE AMOUNT OF MISCELLANEOUS INCOME TO BE TRANSFERRED IN 1979 FROM ADMINISTRATION TO OPERATIONS. THE COUNCIL APPROVED THIS TRANSFER LAST FALL. THE SCBF WAS CONCERNED THAT THE TOTAL NEW REQUIREMENTS TO COVER THE ADMINISTRATIVE BUDGET IN 1978 AND 1979 WOULD EXCEED ONE MILLION DOLLARS AND THAT SUCH AN INCREASE IN SUCH A SHORT PERIOD OF TIME COULD HAVE SERIOUS IMPLICATIONS FOR THE CONTINUED MEMBERSHIP OF ITALY AND SOUTH AFRICA, AND POSSIBLY EVEN ISRAEL.

8. THE SCBF ALSO REVIEWED THE STATE OF PLAY ON TURKEY'S

APPLICATION FOR MEMBERSHIP. NO PROGRESS HAS BEEN MADE SINCE LAST FALL, BUT THE SCBF DID AGREE THAT MEMBERSHIP SHOULD ONLY BE APPROVED ON THE BASIS OF AN AGREED ASSESSMENT OF NO LOWER THAN TWO PERCENT OF THE ADMINISTRATIVE BUDGET.

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PAGE 02 GENEVA 04401 02 OF 03 221736Z

9. WITH AUSTRIA (KRIZEK) IN THE CHAIR, THE EXECUTIVE COMMITTEE ALSO FOCUSED ON THE 1978 REVISED BUDGET. AUSTRIA, ITALY, THE FEDERAL REPUBLIC OF GERMANY AND THE U.S. SPOKE ON BEHALF OF THE APPROVAL AND THERE WERE INDICATIONS THAT NONE OF THE EUROPEANS WERE OPPOSED. ISRAEL AGREED NOT TO OPPOSE, BUT WAS CLEARLY UNHAPPY OVER THE INCREASED ASSESSMENT. COLOMBIA RESERVED ITS POSITION. BRAZIL AGAIN SPOKE AT LENGTH IN OPPOSING THE REVISION, BUT STRANGELY NOT BEFORE BUT AFTER THE RESOLUTION APPROVING THE BUDGET HAD BEEN ADOPTED BY MEANS OF A VERY QUICK AUSTRIAN GAVEL.

10. IN A LONG PREPARED STATEMENT AFTER THE ADOPTION OF THE RESOLUTION ON THE BUDGET, BRAZIL CHALLENGED THE WHOLE PROCEDURE AND ARGUED THAT A 1978 BUDGET AT A LOWER LEVEL HAD BEEN ADOPTED LAST FALL. THAT DELEGATION WAS CRITICAL OF THE FACT THAT CURRENT MEMBERS WERE NOW OBLIGED TO ABSORB THE LOST SPANISH CONTRIBUTION. THE BRAZILIAN DELEGATE SPOKE AT LENGTH OF HIS GOVERNMENT'S ATTACHMENT TO SELECTED MIGRATION AND ITS CONCERN OVER OTHER ICEM ACTIVITIES OF LITTLE INTEREST TO SEVERAL MEMBERS. HE ALSO INDICATED THAT BRAZIL MIGHT NOT BE PREPARED TO MEET ITS 1978 INCREASED ASSESSMENT, CONSTITUTIONAL PROVISIONS NOTWITHSTANDING.

11. ARGENTINA, WHILE SAYING IT WOULD PROBABLY BE IN A POSITION TO PAY THE INCREASED ASSESSMENT, STATED THAT ONE NATION WHICH IS RESPONSIBLE FOR DELIBERATELY CREATING INTERNATIONAL MONETARY DISORDER IS CAUSING CHAOS IN THE INTERNATIONAL MONEY MARKET. HE THEREFORE SUGGESTED THAT THE RESPONSIBLE NATION MAKE UP THE ENTIRE SHORTFALL IN ICEM'S BUDGET.

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PAGE 03 GENEVA 04401 02 OF 03 221736Z

12. IN ANY EVENT, THE 1978 REVISED BUDGET WAS ADOPTED. MANY IMPORTANT DELEGATIONS, OUTSIDE THE MEETING, EXPRESSED THE FEAR THAT THE BRAZILIAN ACTION MIGHT LEAD OTHER LATIN

AMERICAN MEMBERS TO FOLLOW SUIT AND NOT PAY THEIR MANDATORY ASSESSMENTS. THIS DISREGARD OF THE BASIC RULES OF THE ORGANIZATION COULD PROVOKE A FUTURE CONFRONTATION WITH THE BLOC OF LATIN AMERICAN NATIONS WHICH MIGHT AND ARE EVEN LIKELY TO FOLLOW THE EXAMPLE OF BRAZIL. HOW TO DEAL WITH SUCH A DEPARTURE FROM LONG-ESTABLISHED PRACTICE CONCERNED A NUMBER OF DELEGATIONS.

13. THE EXECUTIVE COMMITTEE ALSO CONSIDERED A NUMBER OF IDEAS PUT FORWARD BY THE DIRECTOR WHICH COULD POTENTIALLY RELIEVE THE PROBLEM OF CURRENCY FLUCTUATIONS. AMONG THEM WAS THE TRANSFER OF HEADQUARTERS, AN INTERNATIONALLY FINANCED FUND FOR ORGANIZATIONS AFFECTED FINANCIALLY TO DRAW ON, AND ASSESSED CONTRIBUTIONS TO BE MADE WHOLLY OR PARTIALLY IN SWISS FRANCS. NONE OF THESE PROPOSALS APPEARED VIABLE TO MOST MEMBERS AND THE U.S. DELEGATION MADE IT CLEAR THAT ITS CONTRIBUTION WOULD HAVE TO CONTINUE TO BE IN DOLLARS. ALL DELEGATIONS WERE OF THE OPINION THAT THERE WAS NO EASY SOLUTION TO THE EXCHANGE SITUATION.

14. THE EXECUTIVE COMMITTEE WAS INFORMED OF THE 1979 BUDGET PICTURE IN GENERAL TERMS AND CONSIDERED SOME OTHER RELATIVELY UNIMPORTANT ITEMS. THE DIRECTOR DID MAKE A STRONG PITCH FOR GREATER FINANCIAL SUPPORT AND FOR FURTHER RESETTLEMENT OPPORTUNITIES FOR REFUGEES FROM INDOCHINA.

15. COMMENT: FEW DELEGATIONS WERE HAPPY AT THE RESULTS OF FOUR DAYS OF MEETINGS. ALL WERE CONCERNED OVER THE INCREASED COSTS TO MAINTAIN THE ORGANIZATION AND THE UNENDING TREND IN THIS DIRECTION. MOST DELEGATIONS ARE CONVINCED THAT THE DIRECTOR IS EITHER INCAPABLE OR UN-

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PAGE 01 GENEVA 04401 03 OF 03 221736Z
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LIMITED OFFICIAL USE SECTION 03 OF 03 GENEVA 04401

WILLING TO MAKE ANY DRASTIC CHANGES IN THE ORGANIZATION TO SAVE MONEY. MANY WERE CONCERNED THAT THERE IS A SERIOUS SPLIT WITH THE LATIN AMERICAN MEMBERS OVER THE EMPHASIS ON REFUGEE PROGRAMS. SOME DELEGATIONS PRIVATELY CRITICIZED THE UNITED STATES FOR NOT GIVING A HIGHER PRIORITY TO SELECTED MIGRATION. THE IMPORTANT EUROPEAN COUNTRIES ARE VERY ANXIOUS TO KEEP THE ORGANIZATION AFLOAT AND THE U.S. ON BOARD AND IN A LEADERSHIP POSITION. SOME ARE HOPEFUL OF NEW U.S. PROPOSALS WHICH WOULD HELP TO CORRECT THE SITUATION. ALL DELEGATIONS ARE WORRIED OVER THE SUDDEN DISAFFECTION OF BRAZIL. NO DELEGATIONS ARE LOOKING FORWARD TO THE FALL SESSIONS, REALIZING THAT A NUMBER OF HARD DECISIONS WILL HAVE TO BE MADE. END COMMENT.

16. SEPTTEL FOLLOWS ON MEETING OF SUB-COMMITTEE ON TRANSPORT.
VANDEN HEUVEL

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